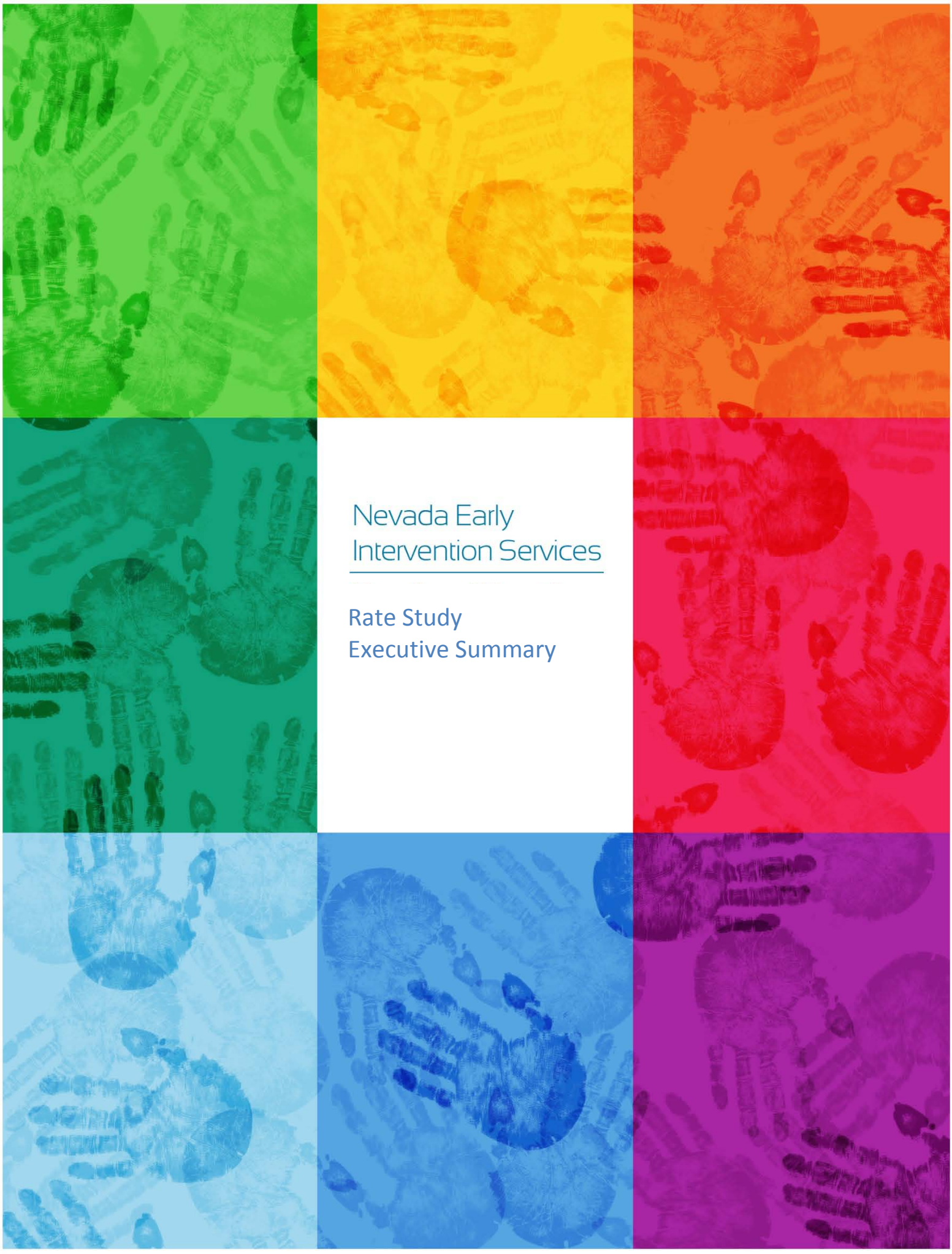

Nevada Early Intervention Services

Rate Study
Executive Summary

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About Early Intervention Services

Children at risk of a developmental delay or disorder are routinely referred to Early Intervention Services. If a child qualifies, he or she may receive a range of services at no cost to the family. Early Intervention is designed to improve outcomes for children with developmental delays and/or disabilities by providing early, appropriate, and intensive interventions.

In 1986, the U.S. Congress created the mandate for a range of services to be provided to infants and toddlers with disabilities, through what is currently referred to as 'Early Intervention'. In Public Law 108.446, the provision of special services for the youngest members of our society was established. This was due to "an urgent and substantial need" both to "enhance the development of infants and toddlers with disabilities and to minimize their potential for developmental delay."

The Part C Birth to Three program is funded by both State and Federal Part C dollars. To receive funding, the State must comply with IDEA and its regulations that are issued by the Federal Government from the Code of Federal Regulations (34CFR, Part 303, under Public Law 105-117, IDEA), Early Intervention Program for Infants and Toddlers with Disabilities.

Early Intervention includes a range of services designed to intervene at the early stages of an infant or toddler's disability, intended to serve children with disabilities under the age of three, and the families who care for them.

Services may include:

- physical or occupational therapy;
- speech or language therapy;
- psychological services;
- social work services;
- educational services;
- nursing care;
- behavior modification;
- nutritional counseling;
- family training, counseling and home visits;
- assistive technology and assistive technology services;
- special instruction;
- speech-language pathology and audiology services, and sign language and cued language services;
- service coordination services;
- medical services for diagnostic or evaluation purposes;
- early identification, screening, and assessment services;
- health services necessary to enable the child to benefit from other early intervention services;
- vision services; and
- transportation and related costs that are necessary to enable an infant or toddler and the infant's or toddler's family to receive another service described in this list.

Services are provided in the home, child care center, or other locations depicting natural environments where the child will feel comfortable. Whenever possible, services are included in the child's normal daily activities.

Nevada Early Intervention Services

The IDEA Part C Office of the Aging and Disability Services Division within the Department of Health & Human Services is the lead agency responsible for administering Nevada Early Intervention Services (NEIS) under Part C (early intervention services) of the Individuals with Disabilities Education Act.

Part C is responsible for:

- The monitoring of Part C programs and activities
- Providing technical assistance to programs
- Developing procedures for resolving complaints
- Develop policies and procedures related to financial matters
- Identification and coordination of resources
- Developing interagency agreements
- Resolution of disputes
- Ensuring delivery of services in a timely manner
- Data collection

While NEIS has historically provided all early intervention services to the community, five years ago, the state began contracting out a portion of its early intervention services to private community providers. Community providers advocated to become a partner in Early Intervention service delivery to provide lower cost services and more choices for parents.

As community partners ramp up services and ask to become a larger part of the service array, and serve additional children, it has become increasingly important to understand the true cost of service provision in order to compare the State's and community providers' ability to provide Early Intervention services. Decisions about NEIS' program structure, alignment and funding will be better informed by an objective third party review and study of Early Intervention rates across the State and community provider delivery pipeline.

Data Limitations

In discussions with NEIS staff, several concerns were expressed regarding the accuracy of TRAC data collected for children served under Part C. These concerns and several more were acknowledged upon inspection and analysis of the TRAC dataset. These data limitations are listed here in order to assist NEIS in the development of a more comprehensive data analysis system, which is understood to be currently under construction:

- Records for the actual date of service do not exist in the TRAC database. Rather, data is collected documenting the terms of the IFSP. While it is important to document the records of the IFSP, it is equally important to document the specific actual dates of service. All assumptions within this report operate under the context that services were delivered as specified within the plan, which may or may not be true.
- Travel time and administrative activities associated with each child are recorded within the child's case plan, but not within TRAC. A more accurate analysis of travel costs would be easily rendered if this information was included in the TRAC database as well.
- If a child exits and then re-enters the system, previous records disappear from the system.
- If a child moves, all records are changed to the new zip code and region, therefore confusing actual locations of service delivery. For instance, several children served in FY 2010 now live out of state, in locations all across the country. It is impossible using only TRAC to ascertain where they lived when they lived in Nevada.
- Based on the data provided, it appears that some children who live in Utah are served by Nevada and not by Utah. It is unclear whether this is due to a family move, or a zip code that straddles both Nevada and Utah.

Additionally, the database is rife with data entry errors, which include but are not limited to:

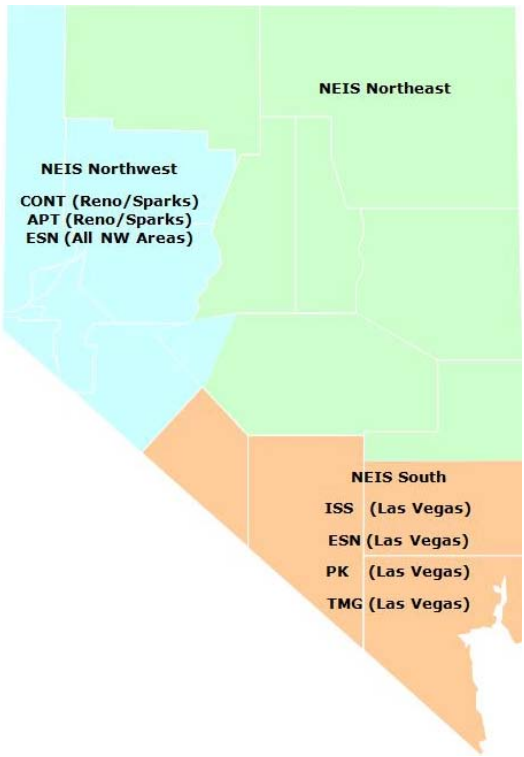
- Nonexistent zip codes permeate throughout the system, making it impossible to determine where the child was served, or if the service area encompasses a rural, frontier, or urban setting.
- Most fields allow for open entry of any text, which results in common misspellings across multiple fields. It is recommended that a drop down box of some sort exist for provider names in order to ensure consistency.
- A child can be listed in multiple zip codes.
- Program IDs are often incorrect – several providers were marked as NEIS-NW when in fact they are affiliated with a community provider.
- The date ranges on the IFSP lend themselves to severe oddities. For instance, there are several instances where a child is in the system for only a few days, or even negative days (the date of exit with IFSP occurs before the service start date).

It is strongly recommended that these concerns are addressed in the future, as it will greatly increase the usefulness of any future analyses.

Phase 1 Overview

Strategic Progress was initially retained by the State of Nevada in June 2011 to analyze the revenues and expenditures of early intervention service providers in Nevada and report differences in costs between the public and private sector, as well as any differences between state regional offices and community providers. Providers of early intervention services include Nevada Early Intervention Services (NEIS) itself and all community partners.

NEIS currently oversees seven community providers of early intervention services. NEIS Northwest provides oversight to the Continuum, Advanced Pediatric Therapies, and Easter Seals of Nevada. In FY 2010, the year used as the baseline data for this analysis, NEIS Northwest provided oversight to only the Continuum.



NEIS South provides oversight to five community partners, including Integrated Support Solutions, Easter Seals of Nevada, Positively Kids, Kideology, and Therapy Management Group. In FY 2010, the baseline year, NEIS South provided oversight to the same providers, with the exception of Kideology, which began providing services in February 2012.

NEIS Northeast does not currently work with any community providers.

During FY 2010, the baseline year, community partners provided approximately 28 percent of all early intervention service hours throughout the state of Nevada.

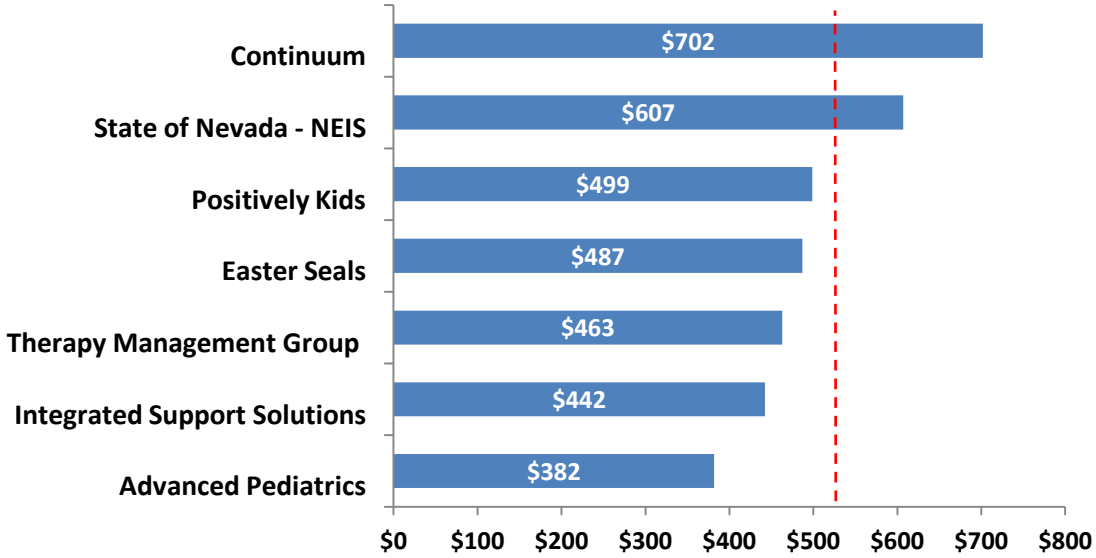
It should be noted that at times of the study, community providers served only urban areas, mainly within Clark and Washoe counties - while NEIS provides services statewide, including all rural and frontier counties. However, one of the objectives of subsequent rate studies was to provide rate differentials for the rural and frontier regions of the state so that community partners can begin serving these populations as well. This is discussed in more detail in Phase 2.

Additionally, community service providers are contracted to perform direct services only. NEIS provides direct services, in addition to many services that community providers do not, including: receiving and managing 100% of referrals, answering questions for people inquiring about services, oversight of community partners, providing outreach services and screening to newborns, and developing IFSP's for all children, whether at capacity or not. NEIS also runs the Special Children's Clinic.

Cost Differences by Provider

The average cost of services per early intervention slot for all programs, including NEIS, is $511 per child. This average does not differentiate between Medicaid and non-Medicaid clients.

FY 2010 Provider Cost per Early Intervention IFSP



As evidenced from the above, the cost of services varies significantly by provider. There are many factors that can impact the cost of providing service, including administration and overhead costs, direct costs, the type of services provided, and the number of service hours.

While the monthly cost per child is one way to analyze cost differences between programs within the public and private sector, Strategic Progress favors utilization of the cost per service hour instead. This recommendation is made precisely because of the considerable variation in costs based on the services received, who was providing that service, and the frequency with which that child was being served. The cost per service hour is a more accurate tool for analysis, as it reflects the entire cost of providing services, including any travel, administrative time, and operating expenses that are required to provide one hour of direct service.

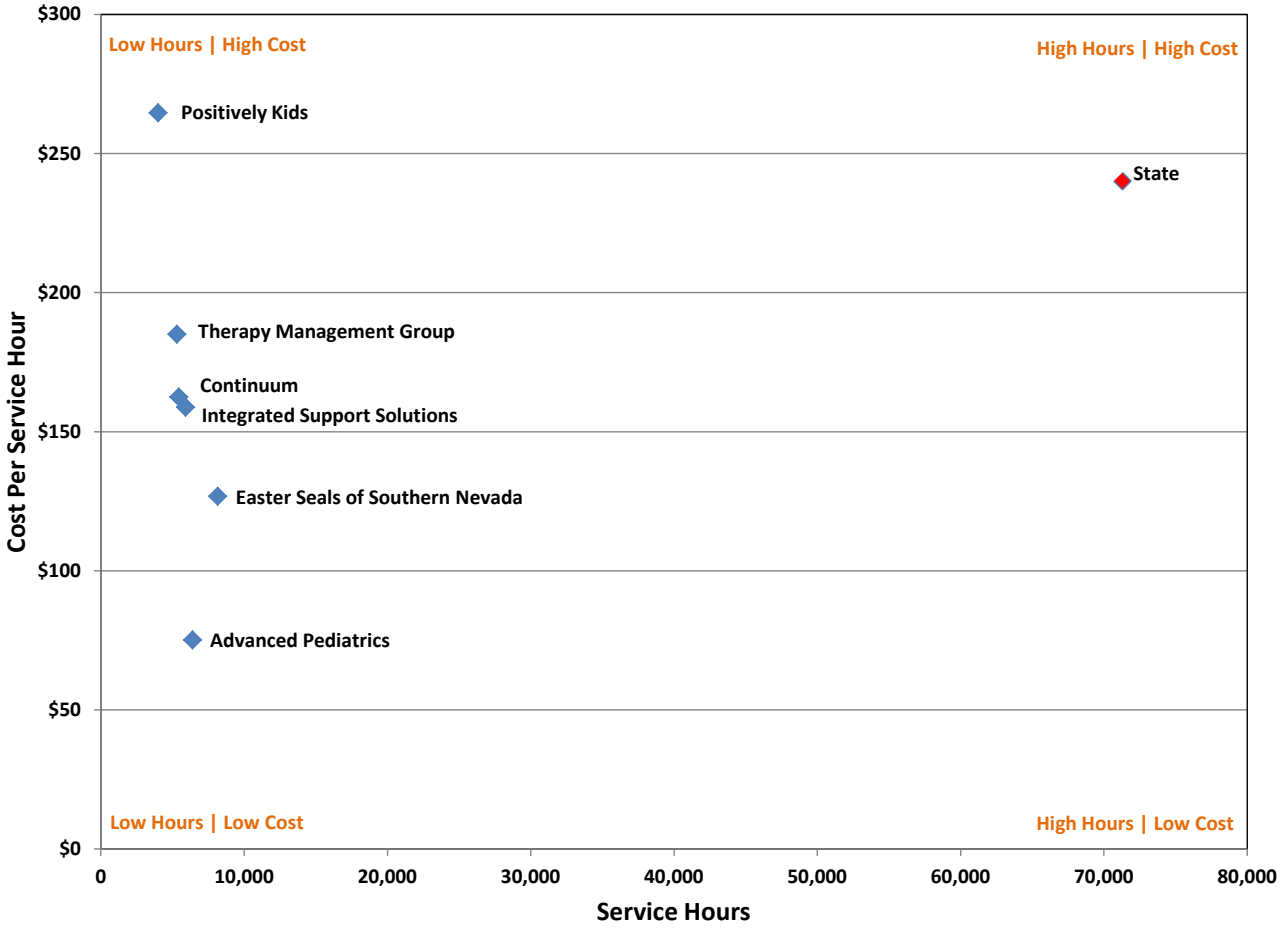
As an example, if one child living in Mineral County receives 60 minutes, or one hour, of direct services, the cost is not the $29 - $59 billing rate of the therapist that provided that service. Including travel expenses and travel time, administrative activities, service coordination and specialized instruction, it actually costs $353 to provide that one hour of service, more than seven times the therapists' hourly billing rate (again, depending on the service received, the cost of that service, and where the service was provided).

Costs per service hour stay in a much tighter range and do not fluctuate as deeply as costs per child/IFSP. This is due to the simple fact that the cost per service hour is not subject to spreading out the entire cost of that child's services over 12 months. As another example, if two trips were made to Mineral County over the

course of 12 months to serve two children, those costs are dramatically lowered once spread over a full year and do not provide a meaningful basis for analysis.

In the chart below, we have demonstrated this wide variation using the cost per service hour.

FY 2010 Provider Cost Matrix per Service Hour

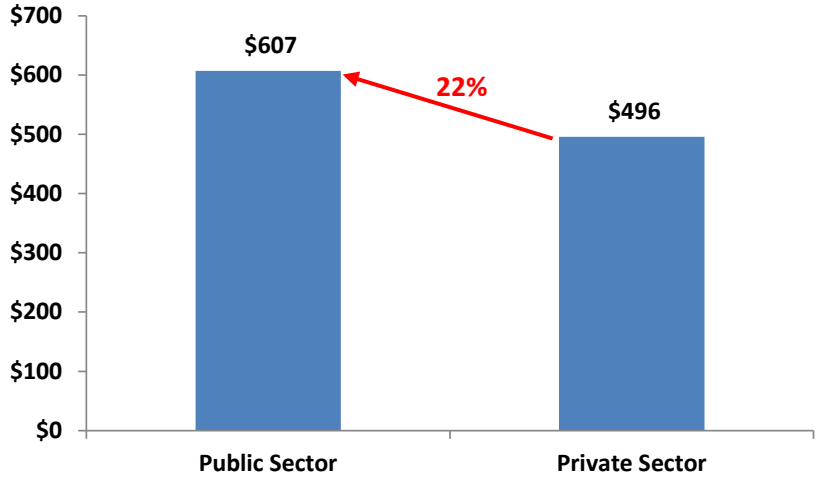


In FY 2010, Positively Kids (PK) in the south had the highest cost per service hour, at $265 per hour, followed directly by NEIS at $240 per service hour. This discrepancy cannot be explained by the number of service hours, as NEIS provides an astronomical amount of service hours compared to any of the private community providers. The remaining community providers (excluding PK and NEIS which may be considered outliers) provide an average of 6,247 service hours per year for an average $141 per service hour.

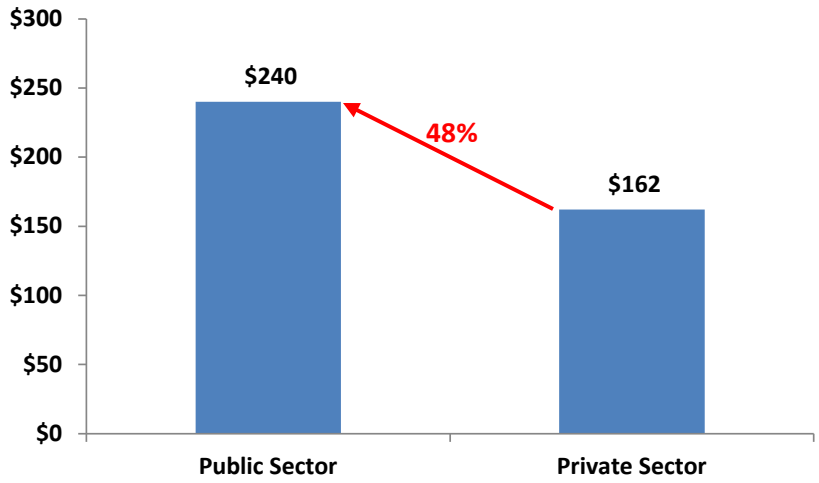
Public Sector vs. Private Sector

Depending on the type of analysis performed, early intervention services provided by the public sector in Nevada are anywhere from 22% to 48% more costly than the same services provided by the private sector.

FY 2010 Cost per Child



FY 2010 Cost per Service Hour



It is unclear why there is such a significant discrepancy between sectors. It should be noted that while NEIS' costs are significantly higher than those incurred by the private sector, NEIS provides more than 71,000 hours of service per year, more than 8 times the amount of hours than any private provider. Additionally, NEIS is responsible for other activities that community providers are not – including community partner oversight, referral intake, IFSP development, and specialized services not funded by Part C. The costs of these additional activities are discussed in Phase 3.

Additional Noteworthy Conclusions from Phase 1

- Private sector providers derive the bulk of their income from NEIS. On average, 96% of all community provider early intervention service revenue is received from NEIS. The next largest source of revenue for community providers is Medicaid, contributing a modest 3% of revenues. Private insurance income is negligible in most cases, with some providers collecting absolutely nothing from private insurance sources.
- More than 43% of children receiving early intervention services were covered by some form of private insurance, however, less than half of children with available private insurance (48%) authorized consent to bill their private insurance source.
- At least 34 states have implemented a sliding fee scale to encourage families above certain income levels to contribute to the cost of providing early intervention services to their children. Examples of states that have enacted this reform include, but are not limited to, North Carolina, New Jersey, Utah, and Massachusetts.

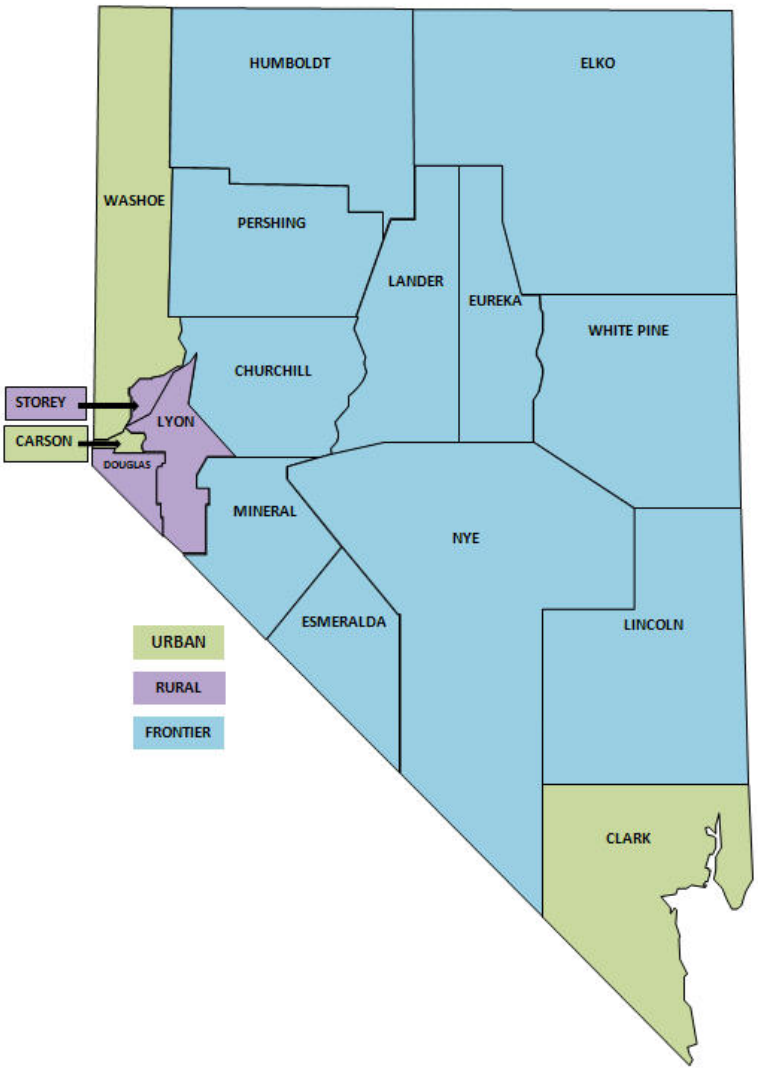
Phase 2 Overview

The state of Nevada spans approximately 110,000 square miles, with 90 percent of its 2.7 million residents living in only three counties (Carson City, Clark County, and Washoe County). These three urban counties comprise a mere 13 percent of the state's land mass. Providing early intervention services to the 10 percent of the state's population residing in rural and frontier Nevada presents a unique set of challenges, principal amongst them is travel time. Even in relatively rural regions, travel time can add up quickly. For instance, serving a child who lives in Mesquite, Nevada, still located within the boundaries of urban Clark County, encompasses 156 round trip miles and takes a provider 3 hours in total travel time. As early intervention services are designed to replicate a child's natural environment, services are required to be provided in the child's home or child care center.

For the purposes of this study, counties with populations of less than 7 people per square mile are considered frontier regions. Counties with a population density greater than 7 people per square mile, but not defined as a metropolitan statistical area (MSA), are considered rural regions. As can be seen from the table and map presented below, the majority of the geographic land mass of the state of Nevada is considered frontier.

Nevada Population and Land Area by County

County	2010 Population	Land area (square miles)	Persons per square mile
Carson City	55,274	143	385.6
Churchill	24,877	4,929	5.0
Clark	1,951,269	7,910	246.7
Douglas	46,997	710	66.2
Elko	48,818	17,179	2.8
Esmeralda	783	3,589	0.2
Eureka	1,987	4,176	0.5
Humboldt	16,528	9,647	1.7
Lander	5,775	5,494	1.1
Lincoln	5,345	10,664	0.5
Lyon	51,980	1,994	26.1
Mineral	4,772	3,756	1.3
Nye	43,946	18,147	2.4
Pershing	6,753	6,037	1.1
Storey	4,010	263	15.2
Washoe	421,407	6,342	66.4
White Pine	10,030	8,876	1.1
Total	**2,700,551**	**109,855**	**24.6**



Consistent with the presentation above regarding the distribution of Nevada's population between urban, rural, and frontier regions, the demand for early intervention services is nearly identical, with 89 percent of all service hours spent serving the urban counties of Carson City, Clark, and Washoe.

FY 2010 Early Intervention Service Information, NEIS and Community Partners

	Children Served	Percent of Children Served	Hours Served	Percent of Hours Served
Urban	3,010	89%	92,639	89%
Rural	121	4%	4,930	5%
Frontier	244	7%	5,642	5%
Total	3,375	100%	103,212	100%
Rural & Frontier	**365**	**11%**	**10,573**	**10%**

Significant challenges exist in serving the rural and frontier regions in general. Aside from the largest barrier, distance and travel time, additional challenges in serving the rural and frontier regions include:

- Availability of service providers - there is a definite shortage in the number of providers who are qualified and willing to serve non-urban areas.
- Scheduling / logistics – in order to maximize the time spent driving to and from rural and frontier regions, NEIS will often stack appointments for service providers within the space of one or two days. This is a smart operational move to reduce travel time as well as motor pool and per diem expenses; however, it does take quite a bit of time to coordinate schedules between the therapist, multiple families, and any other individuals who may need to be involved, such as the school district or child care settings.
- Weather can also be a significant challenge in winter months when there is snow through mountain passes.
- Cell phone reception is an issue throughout many rural and frontier areas of the state. This poses a serious safety concern in the event of a breakdown or run-in with weather.
- Time Zones – despite the fact that a frontier or rural town is located in Nevada, some border towns use the time zone of the bordering state, such as Utah or Idaho.
- Cultural Sensitivity – not all providers are well suited for serving rural and frontier clients, therefore further limiting the pool of available providers.

Frontier Costs

The cost of providing early intervention services to children in frontier counties of Nevada is 33 percent higher per service hour compared to urban areas. While travel expenses such as motor pool and mileage reimbursements are a relatively small portion of the total expense of serving the frontier regions, travel time is significant and is the largest contributor to increased costs associated with serving the frontier region.

Estimated Frontier Costs by County, FY 2010

County	Children Served	Hours Served	Wage and Salary Expense	Operating Expenses	Travel Expenses	Total Expenses	Cost per Service Hour
Churchill County	45	1,115	$ 202,233	$ 53,186	$ 9,703	$265,122	$ 238
Mineral County	2	13	$ 3,811	$ 614	$ 112	$4,537	$ 353
Pershing County	2	38	$ 8,682	$ 1,820	$ 332	$10,834	$ 284
Nye County	38	715	$ 117,194	$ 60,324	$ 11,030	$188,548	$ 264
Elko County	82	1,646	$ 375,858	$ 143,127	$ 30,689	$549,674	$ 334
Eureka County	2	10	$ 2,364	$ 842	$ 180	$3,386	$ 350
Humboldt County	32	1,328	$ 228,591	$ 115,479	$ 24,760	$368,830	$ 278
Lander County	8	93	$ 22,754	$ 8,110	$ 1,739	$32,603	$ 350
Lincoln County	2	64	$ 13,121	$ 5,562	$ 1,193	$19,876	$ 311
White Pine County	32	685	$ 235,412	$ 59,617	$ 12,783	$307,812	$ 449
Total / Average of all Frontier	**245**	**5,706**	**$ 1,210,021**	**$448,681**	**$ 92,521**	**$ 1,751,223**	**$ 307**
State of Nevada - NEIS Statewide	**2,328**	**74,368**	**n/a**	**n/a**	**n/a**	**$ 17,115,398**	**$ 230**

Rural Costs

In addition to the designated rural counties of Douglas, Lyon, and Storey, NEIS requested that certain areas of urban counties also be designated as rural areas. Specifically, in Clark County, zip codes in Bunkerville, Jean, Logandale, Mesquite, and Laughlin were included as rural for the purposes of this analysis. In Washoe County, Gerlach, Wadsworth, Stateline and Incline Village were designated as rural.

Estimated Costs for Rural Regions Served, FY 2010

County	Children Served	Hours Served	Annual Hours per Child	Wage and Salary Expense	Operating Expenses	Travel Expenses	Total Expenses	Cost per Service Hour
Douglas	43	2,710	63.0	$ 233,401	$ 129,309	$ 23,589	$ 386,299	$ 143
Lyon	77	2,204	28.6	$ 389,618	$ 105,159	$ 19,185	$ 513,962	$ 233
Storey	1	16	16.5	$ 4,437	$ 785	$ 143	$ 5,365	$ 326
Washoe	5	30	6.0	$ 17,283	$ 1,438	$ 262	$ 18,983	$ 630
Clark	22	565	25.7	$ 78,383	$ 47,570	$ 8,653	$ 134,606	$ 238
Total / Average of all Rural	**148**	**5,525**	**37.3**	**$ 723,122**	**$ 284,261**	**$ 51,832**	**$ 1,059,215**	**$ 192**
State of Nevada - NEIS State	**2,328**	**74,368**	**31.9**	**n/a**	**n/a**	**n/a**	**$ 17,115,398**	**$ 230**

According to the Phase 2 Rate Study, serving the rural regions of the state is 17 percent cheaper than serving urban areas. Two rural counties in the preceding table, Storey and Washoe, served five or less children over the course of a year. This makes these two counties in particular more susceptible to data anomalies and does not represent a true average. Excluding these outliers does not significantly change the cost per service hour; therefore, NEIS recommends a rural premium of 13.8 percent, a rate that is roughly half of the frontier premium, in order to incentivize community partners to serve the rural regions of the state.

Community Provider Rural & Frontier Reimbursement Rates

Based on the information collected and reported throughout Phase 2, recommended reimbursement rates for each geographic region are presented below. The rates presented below are recommended for the current service delivery model, anticipating that the private sector will now begin to serve the rural and frontier regions of the state.

Recommended Community Provider Reimbursement Rates under the Current Service Delivery Model

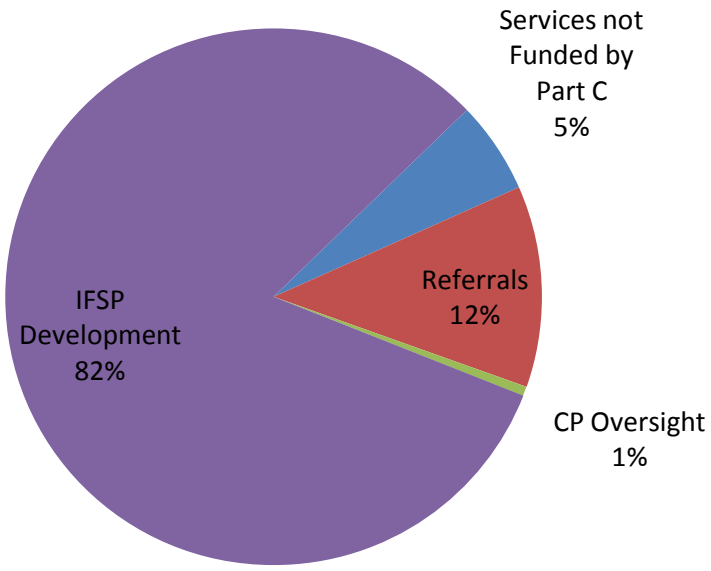
	Current	Rural	Frontier
Current Reimbursement Rate	$ 565	$ -	$ -
Premium	n/a	13.8%	33.0%
New Reimbursement Rate	**$ 565**	**$ 643**	**$ 751**

Phase 3 Overview

In Phase 3, Strategic Progress analyzed staff time allocations, costs and the degree of State resources used to manage, oversee and perform indirect and administrative early intervention services. Many of these indirect and administrative services are provided only by the State and not private providers, including community partner oversight, referral intake, IFSP development and other specialized services.

Understanding the degree of expenses allocated to these administrative and indirect costs will allow the State to differentiate its cost rate from that of community providers and also to provide a framework for considering the expansion of some of these services to community providers themselves.

Based on the findings from Phase 3, total indirect & administrative costs incurred by NEIS in delivering early intervention services approximate $2.1 million per year (based on FY 2010 data). The vast majority of indirect & administrative expenses, more than $1.7 million, or 82 percent, are attributable to the development of the Individualized Family Service Plan (IFSP). The state changed the model of IFSP development in FY 2011. The community partners currently receive referrals and develop the IFSP's for children in their delivery system.

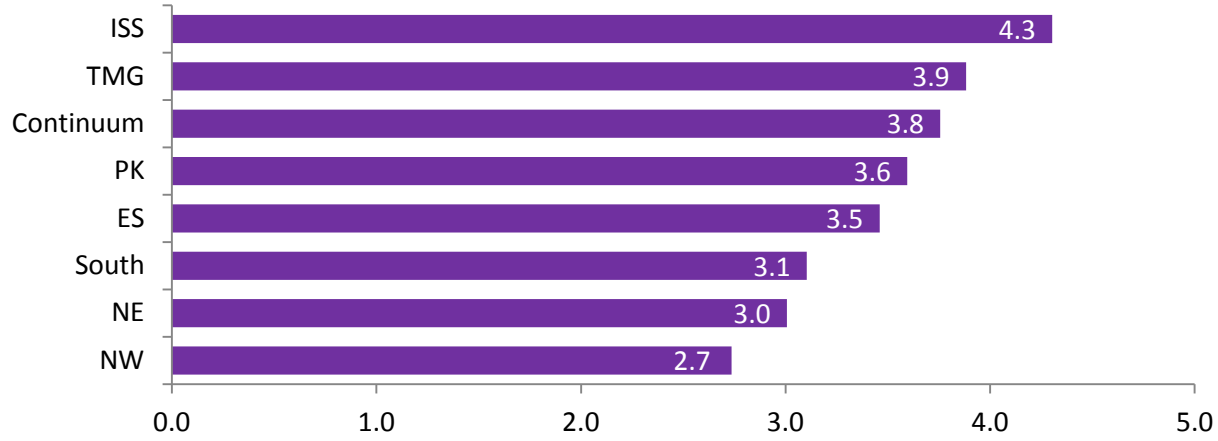


Comparing FY 2010 total indirect and administrative costs to FY 2010 total NEIS expenses ($17.1 million), indirect and administrative costs account for 12.3 percent of NEIS' overall expenses. IFSP development alone accounts for 10.1 percent of NEIS' total expenses.

Services per IFSP

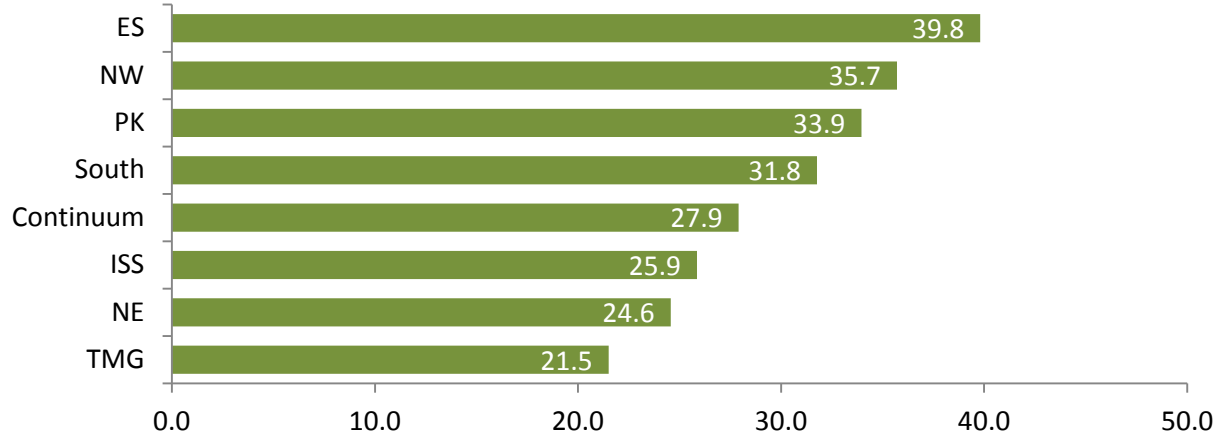
Each child receiving early intervention services in Nevada receives approximately 3.2 different services. Community providers, on average, provide an estimated 3.8 services per unique child. This data represents FY 2010 and is not consistent with an Executive Branch audit from FY 2011 after the community partner rate was reduced and the state discontinued providing 100% of all initial IFSP's.

Average Number of Services Received per Child, FY 2010



The intensity of services received per child varies substantially by provider. Each child receiving early intervention services in Nevada receives approximately 31.4 hours of service per year. Community providers, on average, provide an estimated 28.7 hours of service per unique child per year, while NEIS provides an estimated 30.7 hours of service per unique child per year.

Average Number of Hours per Child per Year, FY 2010



Whether examining services received on a per child basis, or on an overall total number of hours, the results are largely similar. The most frequently accessed early intervention services (irrespective of provider) include special instruction, speech & language therapy, physical therapy, occupational therapy, nutrition services, and intensive behavior services. All other services account for less than 5% of services received. Data was

obtained from TRAC (FY 2010), with the exception of service coordination, which is not included in the TRAC database and was obtained through a Time and Effort Reporting Study in Phase 4.

Strategic Progress compared market rates amongst most frequently accessed services for both the public and private sectors. Cost differentials were substantial, with community providers spending at least 50 percent more for similar services than NEIS (with the exception of developmental specialists and interpreters).

Market Rates by Discipline, FY 2010 and FY 2011

Service Provided	NEIS	Community Providers	National Median
Audiologist	$ 53.43	$ 103.33	$ 45.93
Behavioral / Instructional Aide	$ 14.12	$ 98.75	$ 16.35
Developmental Specialist	$ 24.86	$ 20.50	$ 27.40
Interpreters / Translators	$ 21.89	$ 15.55	$ 20.67
Nutritionist	$ 43.09	$ 70.42	$ 25.00
Occupational Therapist	$ 51.00	$ 84.00	n/a
Physical Therapist	$ 49.07	$ 80.17	$ 44.71
Speech Pathologist	$ 48.45	$ 66.64	$ 46.63

While the findings to date have demonstrated that overall, community partners provide more services at a lower overall cost than NEIS, it is difficult to understand how this is possible when examining the rates above.

Phase 4 Overview

As Nevada Early Intervention Services (NEIS) are transitioned to the Nevada Department of Health and Human Services Aging & Disability Services Division, NEIS seeks to explore fundamental changes in its current service delivery structure. One proposal receiving considerable attention is the option of having the state perform 100% of service coordination and IFSP development, while ongoing direct service visits are outsourced to community providers on a cost per child basis.

In order to determine the validity of such an option, Strategic Progress was tasked with developing a staffing model designed specifically for NEIS to allow the State to weigh forecasted costs associated with such a change against anticipated benefits. The requested staffing model was designed to provide NEIS with the appropriate information to choose if, when, and how to implement such a change in staffing needs and service delivery. The analysis also analyzes differences in costs associated with staffing changes, providing an invaluable tool for NEIS to meet anticipated future demand in a time of unprecedented fiscal pressures.

Service Coordination

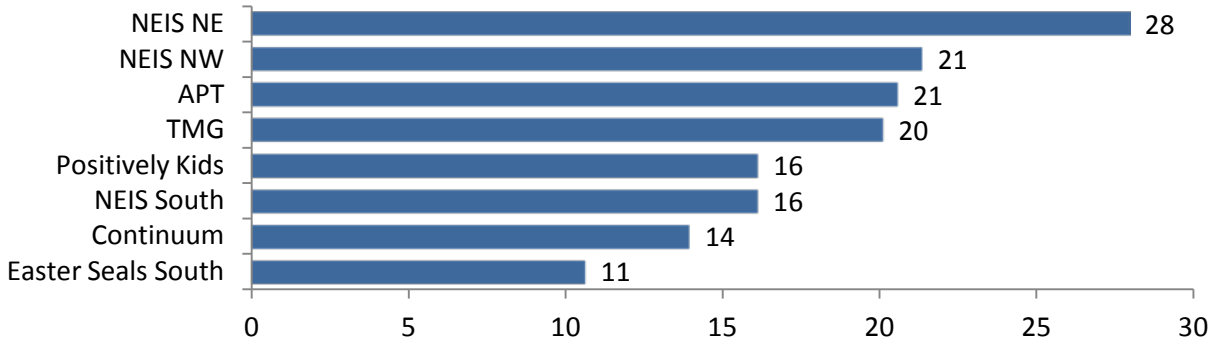
Since service coordination accounts for a large portion of service time, and furthermore, due to NEIS' potential decision on whether or not to change its delivery model so that NEIS provides 100% of service coordination, all service providers were asked to complete a time and effort reporting study to determine the amount of time, on average, spent performing service coordination.

Strategic Progress issued the time and effort reporting study in July 2012 to determine the amount of time developmental specialists spend performing service coordination (SC). This time and effort study served as a key component of the staffing model, as SC activities are not currently entered in the TRAC database, therefore, it was previously unclear how much time was spent performing SC.

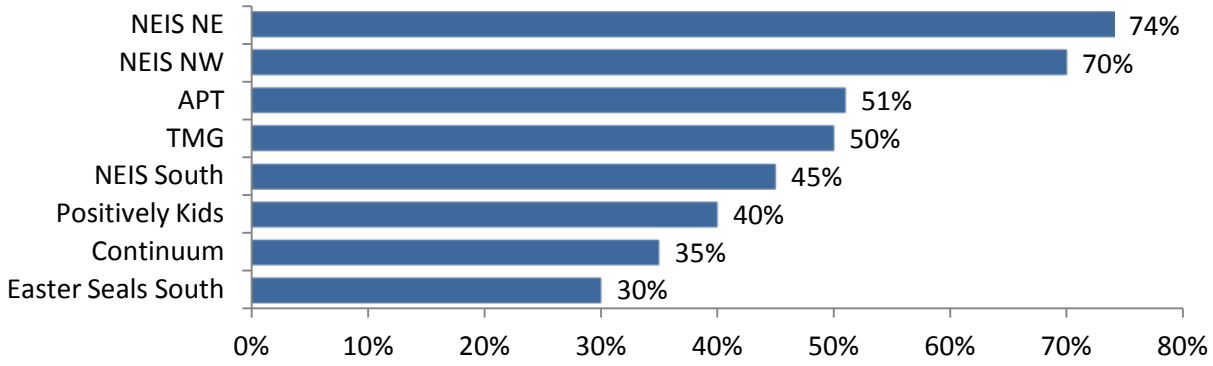
Each provider of early intervention services completed a one week time study to determine how much time on average is spent performing SC activities. Each developmental specialist for every provider was instructed to complete a full 5 day study. The five days were not required to be consecutive days or even occur in the same week, and therefore do not include vacation, or other time off. Travel time was also not included. A detailed template was provided; however, some providers submitted data incorrectly or failed to submit the study at all.

The study concluded that on average, service coordination accounts for 18 hours per week per coordinator, or approximately 49 percent of each developmental specialist's time.

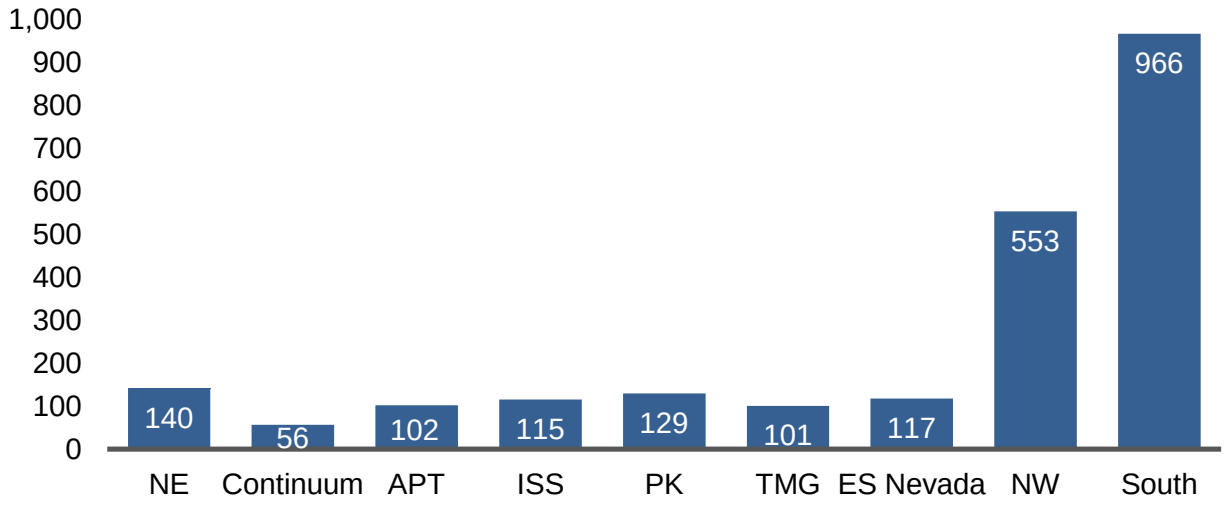
Hours per Week Spent on Service Coordination per DS, FY 2012



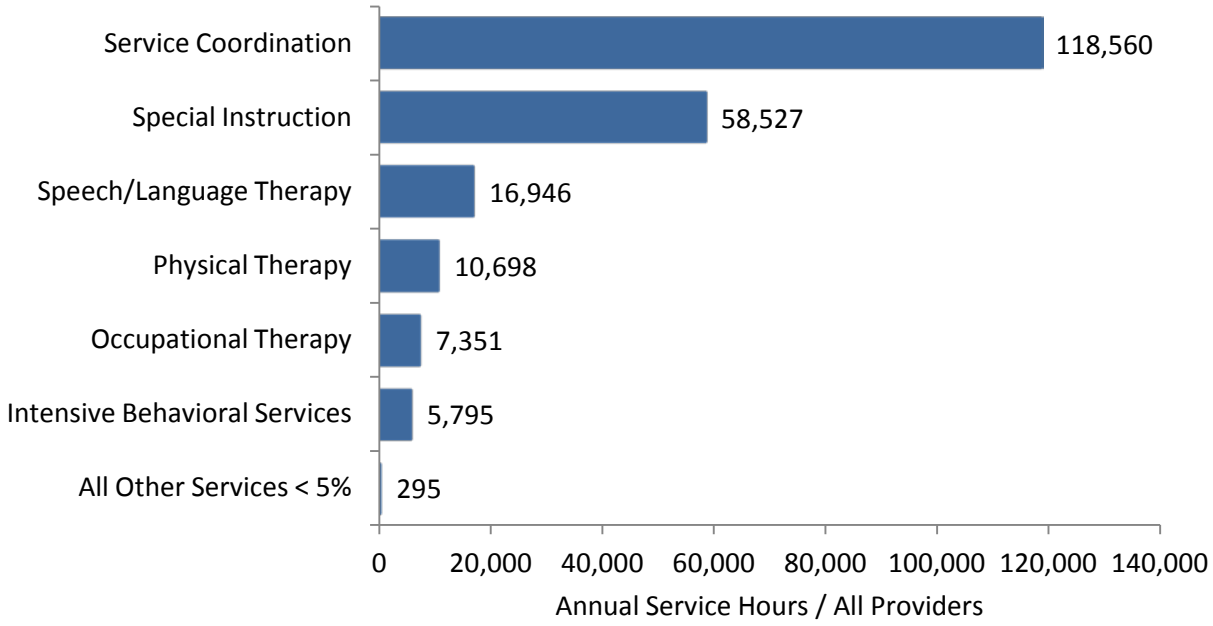
Percentage Hours per Week Spent on Service Coordination per DS, FY 2012



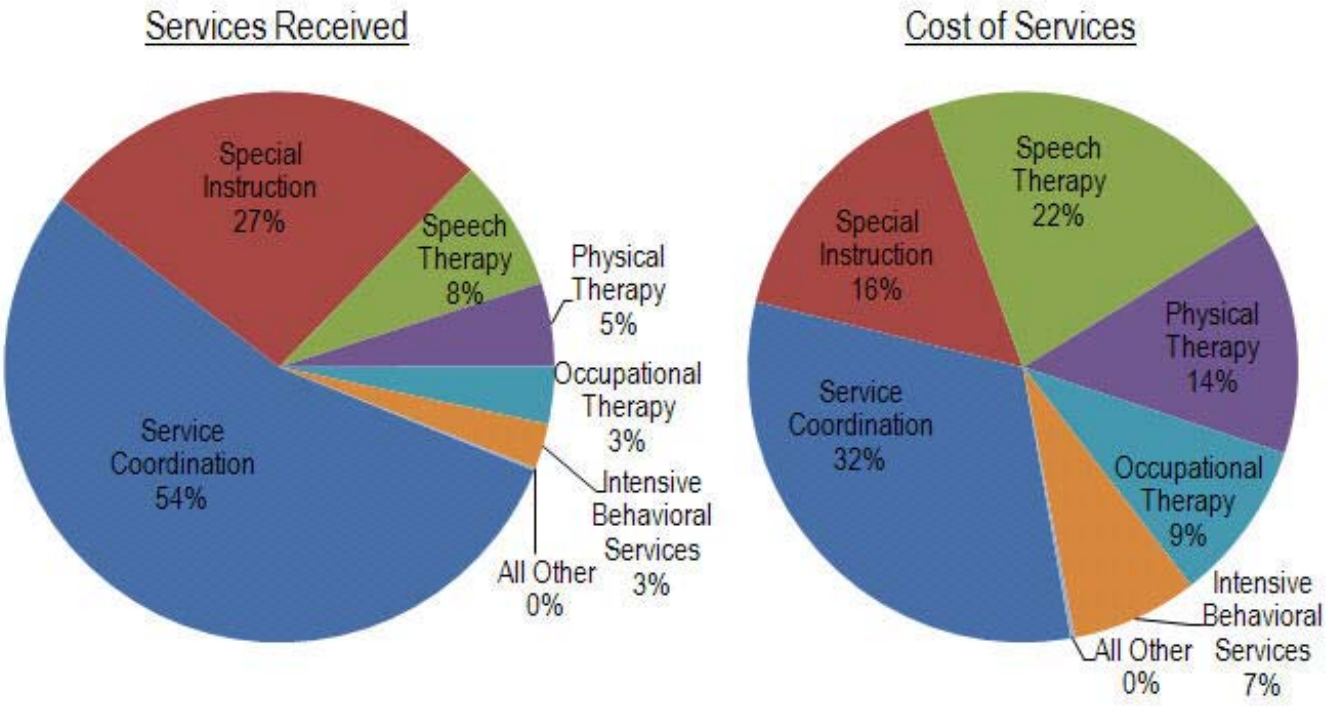
Based on the results of the July 2012 time and effort reporting study, developmental specialists spend nearly 2,280 hours providing service coordination activities over the course of one week, or 118,560 hours over the course of one year.



Adding service coordination to the service data from TRAC provides a complete picture of Nevada Early Intervention Services provided on an annual basis. As a result, it is now easy to see that service coordination accounts for more than 54 percent of all services delivered to Nevada children receiving early intervention services.



While service coordination accounts for 54 percent of all services provided, due to the lower costs associated with service coordination, it accounts for only 32 percent of overall costs based on the average expenses reported by community providers.



Community providers strongly disagreed with the results of the time and effort reporting study, claiming that it was inaccurate, flawed, and did not represent the true portion of time spent on service coordination for the private sector. Community partners further contend that the percent of time they spend on service coordination is closer to 24 percent.

While Strategic Progress welcomes any substantiation of this number, we calculated a service coordination rate of 40 percent for community providers based on the data provided (excludes NEIS figures). Perhaps the time and effort reporting study might have shown slightly different results had all providers submitted their data in a consistent format using the detailed template provided.

Community Provider Reimbursement Rates (minus Service Coordination)

Based on the findings from the first rate study, NEIS reduced the reimbursement rate to the private sector. The community partners requested a rate of $600 instead of $565. However, the state was collecting an average of $53 per IFSP. The state advised the community partners that they could increase their revenue by $53 per IFSP in anticipation that the private sector would increase its' Medicaid Targeted Case Management (TCM) dollars. Should the state decide to take on 100% of service coordination activities, community providers would no longer be eligible to collect Medicaid TCM dollars. Therefore, it is recommended that before adjusting the community provider reimbursement rate for reduced service coordination, NEIS adds back the $53 Targeted Case Management reduction.

New Rate under Proposed Model	Current Rate	Rural	Frontier
Current Reimbursement Rate[1]	$565	$643	$751
Medicaid TCM Premium	$ 53	$ 53	$ 53
Medicaid Adjusted Reimbursement Rate	$618	$696	$804
Adjustment for Service Coordination	(27.0)%	(27.0)%	(27.0)%
New Reimbursement Rate[2]	**$451**	**$508**	**$587**

Note: [1]All data presented on this page is based on FY2010 data, therefore, a COLA adjustment may be necessary.
[2]The recommended rates on this page are based on the assumption that 100% of IFSPs are going to the private sector.

While the actual adjustment for service coordination should be closer to 32% (based on the total cost of services on the preceding page) NEIS recommends a more conservative estimate of 27%, as community providers will more than likely want to keep providing a limited amount of service coordination activities to ensure they are in compliance with Part C.

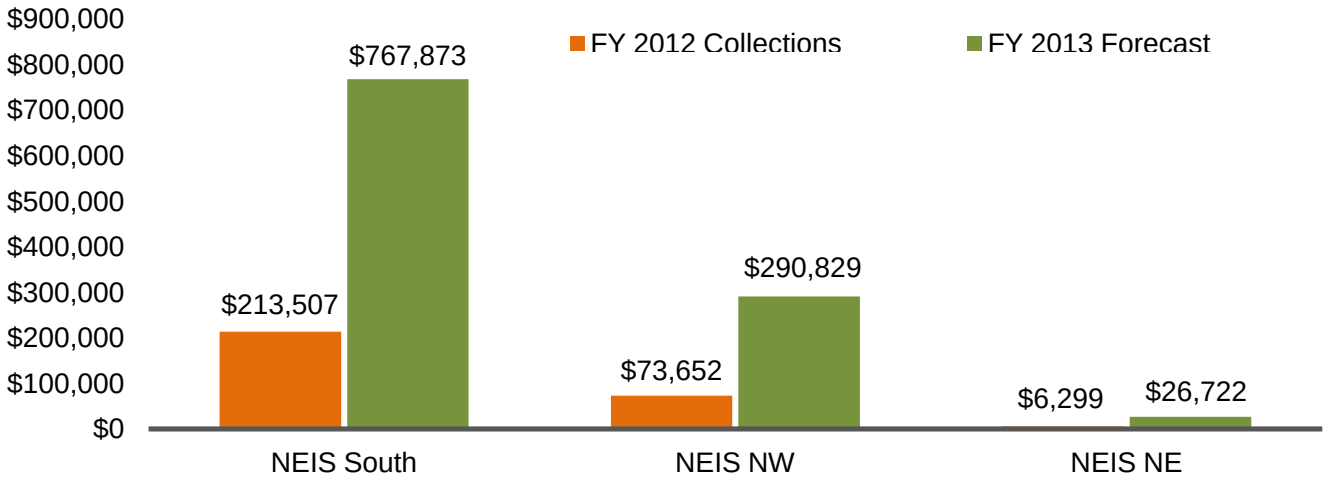
The private sector expressed extreme concern regarding the new proposed rates and countered with their own rates, however, they did not provide any justification for their counterproposal, and therefore, it is not shown in this report.

Medicaid Billing: Targeted Case Management

Should NEIS provide 100 percent of service coordination; NEIS will have an opportunity to increase Targeted Case Management (TCM) billings to Medicaid.

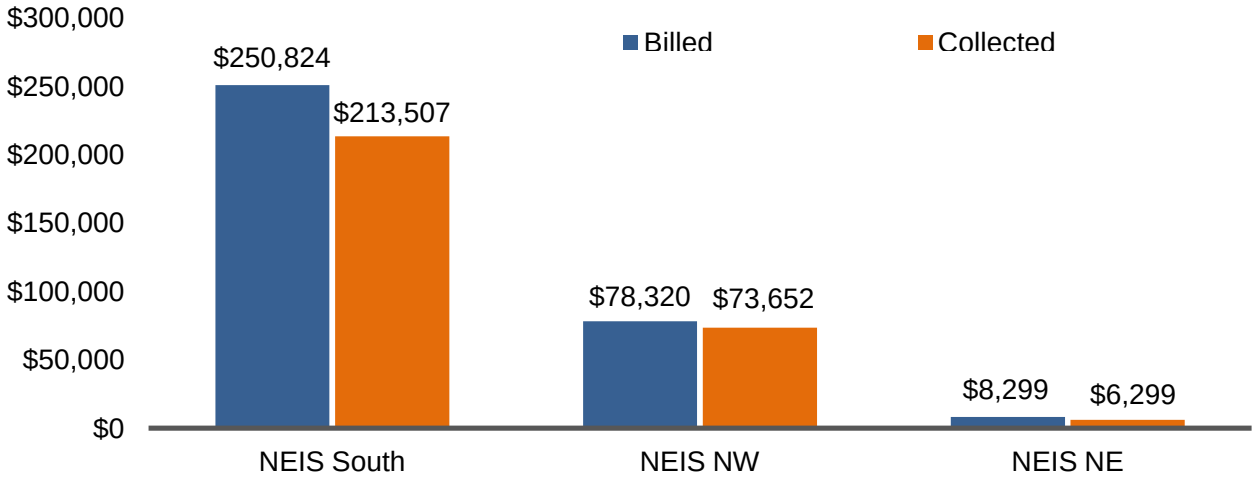
Assuming NEIS performs 100 percent of service coordination, Medicaid collections are forecasted to increase by $791,966 in the first year. This assumes current collection ratios, which stand to be improved should NEIS South and NEIS NE increase their collection ratios and/or hire more accounting staff.

Medicaid Targeted Case Management, Future Collections



Collections stand to be improved in the South and Northeast. NEIS Northeast has the lowest collection ratio at 76 percent. NEIS South's collection ratio is 85 percent, and NEIS Northwest's collection ratio is 94 percent.

Medicaid Targeted Case Management, Collection Ratios FY 2012



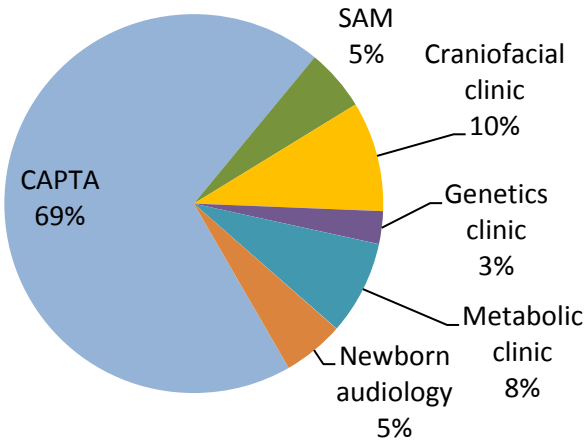
Services not Funded by Part C

NEIS provides several services that community providers currently do not. These services add to the indirect and administrative expenses incurred by NEIS.

Services include:

- CAPTA (Child Abuse Prevention and Treatment Act) – When a disposition is founded for child abuse or neglect, CPS workers must refer all victims age 3 and under to early intervention for screening and assessment.
- SAM (Screening and Monitoring) – Follow up until age 3 by early intervention for children born into neonatal intensive care units.
- Craniofacial Clinic – specializes in treatment of cleft lip and palate, craniosynostosis, craniofacial microsomia and other complex craniofacial conditions.
- Genetics Clinic – diagnosis and management of patients with a wide variety of genetic conditions, birth defects, and/or chromosome anomalies.
- Metabolic Clinic – evaluation and management of children with metabolic disorders, some patients are over the age of 3.
- Newborn Hearing Screenings – follow up with children who have failed their newborn hearing screenings.

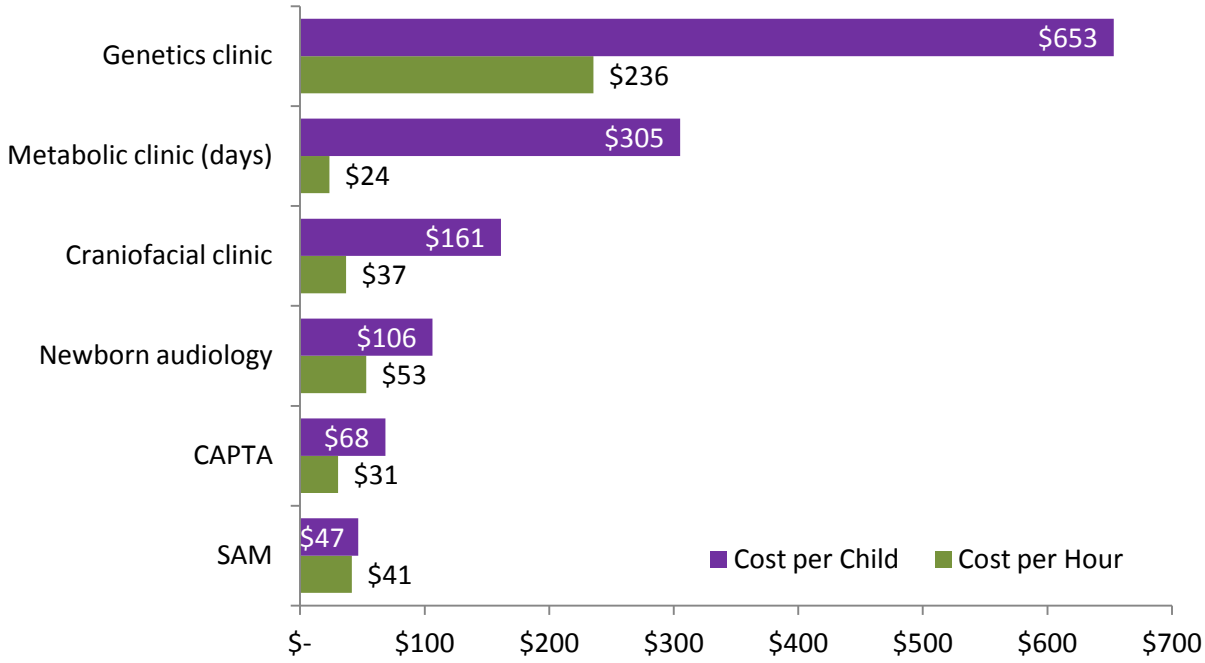
FY 2010 Hours Spent Providing Specialized Services



CAPTA requires the most intensive service hours and is the most popular non-standardized service in terms of children served. This is due to a Federal law that social service agencies are required to refer children with child abuse/neglect cases to early intervention.

While CAPTA is utilized in larger numbers, the Genetics and Metabolic Clinic are the most expensive non-standardized services and represent a much higher proportion of non-standardized service expenses due to physician consultation expenses. The chart that follows displays the cost per child and the cost per service hour for each service not funded by Part C.

FY 2010 Cost of Services not Funded by Part C



Specialized services not funded by Part C accounted for 6.8 percent of NEIS personnel expenses, and 5.8 percent of NEIS total hours statewide in FY 2010. These services utilize approximately 8.4 full-time equivalent employees at various staffing levels.

Services not Funded by Part C: NEIS Statewide FY 2010 Full-Time Equivalent Positions

Position	Number of Staff	Total Hours	Salary Expense	ER Fringe	Total Personnel
Admin Assistant 2	0.6	1,532	$25,213	$10,818	$36,031
Admin Assistant 4	0.7	1,404	$27,203	$11,942	$39,145
Clinical Social Worker 2	0.4	1,222	$35,139	$ 11,172	$46,312
Developmental Specialist 2	0.2	416	$ 7,797	$ 2,978	$10,775
Developmental Specialist 3	4.1	8,814	$199,941	$71,464	$271,405
Developmental Specialist 4	0.5	1,040	$ 31,432	$12,972	$44,405
Psychological Dev. Counselor 2	0.6	1,252	$ 41,287	$12,573	$53,860
Registered Dietician 3	0.4	874	$24,113	$10,272	$34,384
Audiologist	0.0	21	$ 641	$ 188	$ 829
Senior Physician (Range B)	0.3	520	$35,798	$12,085	$47,883
Senior Physician (Range C)	0.2	440	$31,130	$ 7,403	$38,533
Total	7.9	17,536	$459,693	$163,868	$623,561

Total annual expenditures related to services not funded by Part C are nearly $700K per year.

	Personnel Expenses	Contract Services	Operating Expenses	Total Expenses
Services not Funded by Part C – North	$ 35,095	$23,119	$5,892	$64,106
Services not Funded by Part C - South	$588,466	$ 2,775	$32,668	$623,909
Total	$623,561	$25,894	$38,560	$688,015

Author Qualifications

Strategic Progress, LLC is a Nevada based company founded and led by Cyndy Ortiz Gustafson, a strategy consultant who specializes in regional planning, public policy research and advocacy, federal grant development, fundraising and nonprofit strategic positioning. She is known for her work in researching and writing Southern Nevada's Ten Year Plan to End Homelessness, The Community We Will Business Case for Casey Family Programs, and the Ready for Life Plan that will drive regional investment in at risk youth. She has also worked in the disability community for over 8 years to build capacity and advance innovation in service models across the state.

Her combination of data analysis, writing and positioning of initiatives, based on community and stakeholder engagement, make her uniquely positioned to work with community EI providers to determine fair and appropriate rates for services. Her nonprofit consulting experience, and her current work with the Southern Nevada Regional Planning Coalition, a policy making body made up of the heads of each municipality in Southern Nevada, uniquely position her to obtain stakeholder feedback, buy in, and access information in a politically sensitive and strategic way to advance Nevada's ability to provide comprehensive and effective EI services. Additionally, Ms. Ortiz Gustafson has direct experience at the federal and state levels writing legislation, building coalitions and working on issues management and strategic positing of initiatives. She is currently spearheading the Accelerate Nevada initiative at the Nevada Community Foundation to make Nevada more competitive for national foundation and federal grant funding, and to advance systems planning and investment across the state.

The lead Strategic Progress research analyst on this project is Jennifer Ouellette, whose background and experience in qualitative and quantitative analysis bring an incredible depth of research ability to the team. Ms. Ouellette, who has an MS in Accounting from the University of Southern California, has worked for a variety of research and analytics firms such as Applied Analysis, PricewaterhouseCoopers, and Econ One Research. She has led extensive industry research projects, mapping and data analysis projects, research and policy projects and presented those findings to various groups and entities across sectors. She has also conducted research and analysis for the Southern Nevada Regional Planning Coalition's Committee on Youth, Casey Family Programs Community We Will Project and provided data and model development consulting on a number of large federal grant projects. Strategic Progress has been fortunate to have Ms. Ouellette and her talents as a part of the team since 2009.